GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3632
ANSWERED ON:27.04.2007
FISCAL CONCESSIONS
Adhalrao Patil Shri Shivaji;Adsul Shri Anandrao Vithoba;Bishnoi Shri Jaswant Singh;Subbarayan Shri K.

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has made any assessment about loss of revenue on account of fiscal concessions given to Special Economic Zones (SEZs);

(b) if so, the details thereof;

(c) whether the Asian Development Bank has opined that tax incentives being offered to SEZs are unnecessary as reported in The Hindu dated March 28, 2007;

(d) if so, the details thereof and the reaction of the Union Government thereto; and

(e) the corrective steps taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE: (SHRI S.S. PALANIMANICKAM)

(a) Yes, Sir.

(b) The revenue loss over the period 2006-07 to 2009-2010 is estimated to be Rs.1,02,621 crore. Out of this, the revenue loss on account of direct taxes is estimated to be Rs.53,740 crore and on account of indirect taxes, it is estimated to be Rs. 48,881 crore.

(c), (d) & (e) The Government has not received any such report from the Asian Development Bank. However, the views of the Bank, as reported in The Hindu, only reflect the concerns of the Government about revenue loss on account of tax incentives to SEZs.

The Government is taking steps to curtail the revenue loss by continuously fine-tuning the SEZ policy.